



Squaxin Island Tribe

State of Washington

Class III Gaming Compact

September 1995

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SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON CLASS III GAMING COMPACT

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INTRODUCTION

THIS COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC §2701-2721 and 18 USC §1166-1168 (hereafter I.G.R.A. or Act).

PARTIES

THIS TRIBAL-STATE COMPACT is made and entered into by and between the SQUAXIN ISLAND TRIBE (hereafter "Tribe"), a federally-recognized Indian Tribe, possessed of all sovereign powers and rights thereto pertaining; and the STATE OF WASHINGTON (hereafter "State"), as a sovereign state of the United States, with all rights and powers thereto pertaining.

DECLARATION OF POLICY AND PURPOSE

IGRA provides for the negotiation of compacts between States and Tribes to govern the conduct of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity. The overarching policy of IGRA is to provide a framework for the operation of gaming by Indian tribes as a means of promoting Tribal economic development, self-sufficiency and strong Tribal governments, as well as providing a basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation and to assure that gaming is conducted fairly and honestly by both the operator and players. The terms and conditions set forth below to regulate Class III gaming conducted by the Tribe have been agreed to pursuant to that congressional mandate.

It is the stated intention of the parties hereto to foster full cooperation between the Tribe and the State on the basis of a shared concern for the welfare and protection of all the members of the Tribe and citizens of the State as a result of gaming on the Squaxin Island Reservation. Through the partnership of this Compact, the parties desire to further the purposes of IGRA for the benefit of the Tribe and the protection of the State, by creating a cooperative means through which the Tribe may lawfully conduct Class III gaming activities on the Squaxin Island Reservation in conjunction with the State, which permits such gaming for any purpose by any person, organization or entity. To that end, this Compact defines the manner in which laws regulating the conduct of Tribe's Class III gaming activities are to be applied in order that the respective Tribal and State interests may be met.

The Tribe and the State have mutually agreed, within the parameters established by the Act, to the following provisions governing the conduct of Class III gaming activities on the lands of the Tribe, which are designed to (a) protect the health, welfare and safety of the citizens of the Tribe and the State, (b) develop and implement a means of regulating Class III gaming on the Squaxin Island Reservation in order to ensure the fair and honest operation of such gaming, (c) minimize the possibility of corruption or illegal practices in conjunction with such activities, and (d) maintain the integrity of Class III gaming within the State.

The policy of the State, as set forth in Chapter 9.46 RCW, is to allow limited and highly regulated casino gaming for non-profit organizations, and to restrain persons from seeking

profit from professional gambling activities. The provisions of Chapter 9.46 RCW and Title 230 WAC regulate gambling activities; the provisions of Chapter 67.16 RCW and Title 260 WAC authorize and regulate horse racing activities, including parimutuel satellite wagering, in Washington State. The State agrees that the Tribe is authorized, as a result of the provisions of IGRA and the terms of this Compact, to engage in the Class III gaming activities expressly permitted herein.

The Tribe and the State believe the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective, benefit the Tribe and the State and protect the members of the Tribe and the citizens of the State consistent with the objectives of IGRA.

NOW, THEREFORE, in consideration of the foregoing and the mutual benefits to be derived, the Tribe and State do enter into this Compact as provided for herein.

I. TITLE

This document shall be cited as "The Squaxin Island Tribe - State of Washington Gaming Compact."

II. DEFINITIONS

For purposes of this Compact:

A. "Act" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 USC §2701 et seq. and 18 USC §1166 et seq. (also IGRA).

B. "Applicant" means any individual who has applied for a tribal license or state certification, whether or not such license or certification is ultimately granted.

C. "Class III Gaming" means all forms of gaming as defined in 25 USC §2703(8) and by regulations of the National Indian Gaming Commission and are authorized under this Compact as Class III games. Pull tabs and punchboards, even though discussed herein, are specifically deemed to be Class II games when operated in conjunction with bingo.

D. "Commission" means the Washington Horse Racing Commission, a State agency.

E. "Compact" means the Squaxin Island Tribe - State of Washington Gaming Compact.

F. "Gambling Device" means any device or mechanism by the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof.

G. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribe's gaming operation or facility, whether employed by or contracted to the Tribe or by or to any person or enterprise providing gaming operation or management services to the Tribe, including but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; supervisors; dealers or croupiers, box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; parimutuel clerks; management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming facility related to gaming which are not otherwise open to the public, or to areas designated by the Tribal and State Gaming Agencies.

H. "Gaming Facility" means the building in which Class III Gaming activities as authorized by this Compact are conducted on the Squaxin Island Reservation.

I. "Gaming Operation" means the enterprise operated by the Tribe on the Squaxin Island Reservation for the conduct of any form of Class III gaming in any gaming facility.

J. "Gaming Services" means the providing of any goods or services to the Tribe, whether on or off site, directly in connection with the operation of Class III gaming in a gaming facility, including equipment, maintenance or security services for the gaming facility. Gaming services shall not include professional legal and accounting services.

K. "Gaming Station" means a gaming table of the same general size and as is commonly used in Nevada for similar games.

L. "Individual" means, but is not limited to, natural persons and business entities including business sole-proprietorships, partnerships, corporations, joint ventures, organizations and associations.

M. "Local Law Enforcement Agency" means any non-Tribal law enforcement agency in the vicinity of the gaming operation and which has jurisdiction to enforce state laws on the Squaxin Island Reservation, or is subject to the terms of a cross deputization agreement. Except as specifically provided in this Compact, nothing in this definition or in any provision set forth herein, however, is intended to expand, waive or confer or limit any jurisdiction upon any law enforcement agency on the Squaxin Island Reservation.

N. "Management Entity" means any individual with whom, or other business entity with which, the Tribe has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming establishment on the Squaxin Island Reservation.

O. "Net Win" means the total amount of gaming station income (gross gaming revenue) after prizes or winnings have been paid out; i.e., the difference between the total amount wagered or played and the amounts repaid to winners.

P. "Principal" means with respect to any entity: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person or entity other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the start-up capital or operating capital over a twelve month period, or a combination thereof. For purposes of this definition, where there is any commonality of the characteristics identified in (i) through (iv) above between any two or more entities, those entities shall be deemed to be a single entity.

Q. "RCW" means the Revised Code of Washington, as amended.

R. "State" means the State of Washington, its authorized officials, agents and representatives.

S. "State Certification" means the process utilized by the State Gaming Agency to assist the Tribe and ensure that all individuals or other entities persons required to be licensed or certified are qualified to hold such license or certification in accordance with this Compact and the provisions of Chapters 9.46 and 67.16 RCW.

T. "State Gaming Agency" means the Washington State Gambling Commission.

U. "Tribal Gaming Agency" means the Squaxin Island Tribal Gaming Commission or such other agency of the Tribe as the Tribe may from time to time designate by written notice to the State as the Tribal agency primarily responsible for independent regulatory oversight of Class III Gaming as authorized by this Compact. No employee of the gaming operation may be a member or employee of the Tribal Gaming Agency.

V. "Tribal Law Enforcement Agency" means any police force which may be established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Squaxin Island Reservation.

W. "Tribal Licensing" means the licensing process utilized by the Tribe to ensure all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of the Squaxin Island Tribal Gaming Ordinance.

X. "Tribe" means the Squaxin Island Tribe, its authorized officials, agents and representatives.

Y. "Squaxin Island Tribal Lands" means Indian lands as defined by 25 USC §2703(4)(A) and (B), subject to the provisions of 25 USC §2719, which lands are subject to the jurisdiction of the Tribe.

Z. "WAC" means the Washington Administrative Code, as amended.

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

A. Scope of Class III Gaming Activities. The Tribal gaming operation may utilize in its gaming facility, subject to the provisions of this Compact, any or all of the following Class III activities:

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack
5. Chemin De Fer;
6. Chuck-a-luck;
7. Craps;
8. 4-5-6;
9. Horses (stop dice);
10. Horse Race;
11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Poker, including Pai-gow;
15. Red Dog;
16. Roulette;
17. Ship-Captain-Crew;
18. Sic-Bo;
19. Sweet Sixteen;
20. Punchboards and Pull Tabs, subject to Appendix B; and

B. Punchboards and Pull Tabs and Washington State Lottery - Separate Locations.

In addition to the games authorized by Section III.A, the Tribe may utilize punchboards and pull tabs in the facility and at other locations within the Squaxin Island Tribal Lands subject to regulation by the Tribe. Punchboards and pull tabs operated outside of the Tribal gaming facility shall be operated in a manner consistent with the sale of punchboards and pull tabs in the Tribal bingo facility. The operation of State lottery retail locations within Squaxin Island Tribal Lands shall be subject to the provisions of RCW 67.70, WAC 315, and Tribal Ordinance.

C. Lottery-type Games. For games including keno and keno-type games, instant tickets, on-line games, or other lottery-type games ** but authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class II gaming in Washington pursuant to 25 USC §2703(7), the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to time play shall begin. If the State takes no action within the 60 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training and enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion, then the Tribe may initiate formal negotiations subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the Tribal and State Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C.

D. Other Class III Table Games. With respect to any other Class III table games similar to those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and which are not otherwise treated as Class II gaming in Washington pursuant to 25 USC §2703(7), the Tribe shall provide the game regulations thereof to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If the State Gaming Agency takes no action within the 30 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State Gaming Agency with respect to issues including, but not limited to, the rules of the game, legality of the game, manner of play, or training and enforcement associated with the regulation thereof, the State and Tribal Gaming Agencies shall meet and attempt to resolve the dispute through good faith negotiations prior to the time play of that game can begin. If either party believes, after such negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII.C.

E. Authorized Gaming Operation and Facility. The Tribe may establish one Class III gaming operation and gaming facility, to be located on the Squaxin Island Reservation, for the operation of any Class III games authorized pursuant to this Compact.

F. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribe on the Squaxin Island Reservation, including the purchase of chips or tokens for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of the gaming facility for gaming activities.

G. Size of Gaming Floor. The actual size of the gaming floor devoted to Class III activities within the gaming facility, including floor space used in connection with the conduct of satellite wagering, shall be determined by the Tribe.

H. **Number of Gaming Stations.** For the initial period, the maximum number of Class III gaming stations authorized for use on the gaming floor within the gaming facility shall be thirty-one (31). Notwithstanding the foregoing, the Tribe has the option to use a total of one additional gaming station within the facility if the proceeds from one (1) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the non-profit station is not subject to the community contribution established under Section XIV.C of this Compact. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the non-profit station. If the gaming operation has met the conditions set forth in Section III.1.2 the number of gaming stations may be increased (excluding the non-profit station) to fifty (50). Notwithstanding the foregoing, the Tribe has the option to use a total of two additional gaming stations within the facility if the proceeds from two (2) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington.

I. **Wagering Limitations.**

1. For the initial period, the maximum wager shall not exceed two hundred and fifty dollars (\$250). If the gaming operation has met the conditions set forth in Section III.1.2., the maximum wager shall not exceed five hundred dollars (\$500).

2. An increase in the authorized number of gaming stations, hours of operation and/or wager limits is conditioned on the following criteria:

a. Continual operations of the Class III gaming facility for any six month period in compliance with (b), (c), (d), (e), and (f) herein.

b. There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission;

c. There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material;

d. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility.

e. There have been no material violations of Appendix A.

f. The Tribal Gaming Agency has implemented the provisions of Section VI.

3. Should the State or any political subdivision thereof increase the wagering limits permitted for licensed fund-raising events or card games operated by any person for any purpose, upon thirty (30) days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits.

4. Notwithstanding anything herein to the contrary, after six (6) months of continual operation of the Class III gaming facility, the Tribal and State Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in Section III.I.2 above and no other evidence to indicate that the operation should not expand the number of gaming stations and wager limits, the Tribal and State Gaming Agencies shall authorize an increase in the number of gaming stations and wager limits in conformity with the increases authorized in III.H.1 and III.I.2 above. If the State claims that any of the conditions in III.I.2. have not been met, the issue shall be subject to the provisions of Section XII. During this dispute resolutions process, the Tribe will be precluded from expansion of gaming stations within the existing facility.

J. Hours of Operation. For the initial period, except as set forth below, the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred twelve (112) hours per week on an annualized basis. If the gaming operation has met the conditions set forth in Section III.I.2., the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred forty (140) hours per week on an annualized basis. The Tribe may schedule the hours to best meet market conditions and may operate any day of the week. Class III gaming may not be conducted between the hours of 2:00 a.m. and 6:00 a.m., unless there is a written agreement of the Tribal Gaming Agency and the State Gaming Agency after consultation with the Mason County Sheriff, specifying a different four hour closing period. Provided further, upon thirty (30) days written notice to the State Gaming Agency and upon written mutual agreement between the State Gaming Agency and the Tribal Gaming Agency, the Tribe may, not more than three (3) times per calendar year, conduct continuous Class III operations for up to seventy two (72) hours.

K. Ownership of Gaming Facility and Gaming Operation. The gaming operation and the gaming facility shall be owned and operated by the Tribe, but the Tribe shall be entitled to contract for management of the gaming facility and gaming operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

L. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by a Federal District Court, the National Indian Gaming Commission or the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities on the Squaxin Island Reservation or within the gaming facility.

M. Age Limitations. No person under the age of eighteen (18) shall participate in any gaming operation, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Should alcoholic beverages be offered on the gaming floor pursuant to applicable law, then no patron under the age of twenty-one (21) shall be permitted on the gaming floor during actual hours of operation.

N. Prohibition on Firearms. The possession of firearms by any person within the gaming facility shall be strictly prohibited. Provided, this prohibition shall not apply to authorized agents or officers of the Tribal Gaming Agency, Tribal Law Enforcement Agency, State Gaming Agency, or State and Local law enforcement agencies.

IV. LICENSING AND CERTIFICATION REQUIREMENTS

A. **Gaming Operation and Facility.** The gaming operation and gaming facility authorized by this Compact shall be licensed by the Tribal Gaming Agency in conformity with the requirements of this Compact prior to commencement of operation, and annually thereafter. Verification of this requirement shall be made by the Tribal Gaming Agency and the State Gaming Agency and, as applicable to the satellite wagering facility and operation the Washington Horse Racing Commission, through a joint pre-operation inspection scheduled at least ten (10) days prior to the scheduled opening to the public. If the facility does not meet the requirements, the Tribal Gaming Agency and/or State Gaming Agency must send a non-compliance letter within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether the facility meets the requirements, the agencies will meet within ten (10) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the gaming agencies within a reasonable time, the parties may seek resolution pursuant to Section XII.C of this Compact. The actual costs of final inspection of the facility under this Section shall be the responsibility of the Tribe.

B. **Gaming Employees.** Every gaming employee shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to commencement of employment, and annually thereafter. Provided, the Tribal Gaming Agency may issue a license if the employee has a current Class III gaming certification issued by the State Gaming Agency, the employee consents to disclosure to the Tribal Gaming Agency of all information held by the state agency, and the State Gaming Agency certifies in writing prior to licensing that the employee is in good standing. If Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, all Class II table gaming employees shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees engaged in activities related to bingo, pull tabs and/or punchboards.

C. **Manufacturers and Suppliers of Gaming Services.** Each manufacturer and supplier of gaming services shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to the sale of any gaming services. If the supplier or manufacturer of the services or goods is licensed or certified by the State of Washington it shall be deemed certified to supply those services or goods for the purposes of this Compact. The licensing and certification shall be maintained annually after initial certification. Professional legal and accounting services shall not be subject to the certification and licensing requirements.

D. **Financiers.** Any party extending financing, directly or indirectly, to the gaming facility or gaming operation shall be subject to the annual licensing requirements of the Tribal Gaming Agency, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Squaxin Island Tribal government, or the federal government. The source of all funds will be fully disclosed in accordance with IGRA and a copy provided to the State Gaming Agency and, as applicable to the satellite wagering facility and activities, to the Washington Horse Racing Commission.

V. LICENSING AND STATE CERTIFICATION PROCEDURES

A. Procedures For Tribal License Applications and State Certification. Each applicant for a Tribal gaming license and for State certification shall submit the completed application along with the required information to the Tribal Gaming Agency. Each completed application shall be accompanied by the applicants' fingerprint card(s), current photographs, and fees required by the State and Tribal Gaming Agencies. Upon receipt, the Tribal Gaming Agency will transmit a copy of all application materials for each applicant together with a set of fingerprint cards, a current photograph, and the fee required to the State Gaming Agency. For applicants who are business entities, these provisions shall apply to the principals of such entities.

B. Background Investigations of Applicants. Upon receipt of a completed application and required fee for State certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State certification. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State certification to the applicant with a copy to the Tribal Gaming Agency, or deny the application. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-50 WAC with a copy forwarded to the Tribal Gaming Agency.

C. Grounds for Revocation, Suspension or Denial of State Certification. The State Gaming Agency may revoke, suspend or deny a State certification under the provisions of RCW 9.46.075, and rules promulgated thereunder, for any reason or reasons it deems to be in the public interest. In addition, these reasons shall include, but shall not be limited to when an applicant or holder of certification or principal of an entity:

1. Is determined to be a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the effective regulation of gaming or create or enhance the chances of unfair or illegal practices, methods and activities in the conduct of the gaming activities permitted pursuant to this Compact; or the person has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal/State Compact.

2. Has failed to provide any information reasonably required to investigate the application for state certification or to reveal any fact material to such application, or has furnished any information which is untrue or misleading in connection with such application.

3. Has had a Tribal or State gaming license revoked or denied during the twelve (12) months prior to the date of receipt of the application; is currently on probation; or has demonstrated a willful disregard for compliance with gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of a gaming license.

For the purpose of reviewing any application for a state certification and for considering the denial, suspension or revocation of any state certification the state gaming agency may consider any prior criminal conduct or current probationary status of the applicant or holder of certification and the provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to such cases.

4. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of the following non-gambling related offenses the occasion of which occurred prior to Supreme Court rulings on the subject: (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or factors which would warrant denial, revocation or suspension, these Indian individuals shall not be barred solely as a result of such activities from certification.

5. For enrolled members of the Tribe who are applicants for Class III gaming certification and licensing, the State Gaming Agency will consult with the Tribal Gaming Agency prior to denying certification to such an applicant who does not meet the criteria for certification. The Tribal and State Gaming Agencies may waive, by mutual agreement, through a provisional or conditional certification, certain criteria for such enrolled tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the gaming facility. If the Tribe can show extenuating circumstances why an enrolled tribal member who does not meet all criteria should be further considered for a provisional or conditional certification, the Tribal and State Gaming Agencies may agree to a temporary certification, based on specific conditions and a further detailed review of the applicant. Additional fees may be required to maintain a conditional or provisional certification.

D. Right To Hearing For Revocation, Suspension, or Denial of State Certification.
Any applicant for State certification or holder of a State certification shall be entitled to notice and a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State certification. The notice and hearing will be conducted in accordance with the procedures contained in the applicable provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, provided, the State may defer such actions to the Tribal Gaming Agency at the State's discretion, and nothing herein shall prevent the Tribal Gaming Agency from invoking its disciplinary procedures and proceedings.

E. Denial, Suspension, or Revocation of Licenses Issued By Tribal Gaming Agency.
The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Agency shall be in accordance with Tribal ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section V.C.

F. Duration and Renewal of Tribal Issued Licenses and State Certifications. Any Tribal issued license or State certification shall be effective for one year from the date of issuance. Provided, that a licensed or certified employee or party that has applied for renewal may continue to be employed under the expired license or State certification until action is taken on the renewal application by the Tribal Gaming Agency or State Gaming Agency or a summary suspension has occurred. Applicants for renewal of the license or certification shall provide updated material as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Agency or the State Gaming Agency. Additional background investigation shall not be required unless new information concerning the applicant's continuing suitability or eligibility for a Tribal license or a State certification is discovered by either the Tribal Gaming Agency or the State Gaming Agency.

G. Identification Cards. The Tribal Gaming Agency shall require all gaming employees to wear in plain view identification cards issued by the Tribal Gaming Agency which include photo, first name and an identification number unique to the individual tribal license and/or certification which shall include a Tribal seal or signature, and a date of expiration.

H. Exchange of Tribal Licensing and State Certification Information. In an effort to ensure a qualified work force in all areas of Class III gaming, and in all types of gambling authorized under the laws of the State, upon completion of any administrative action or legal proceeding against a Tribal license or State certification, the final disposition shall be forwarded to either the Tribal Gaming Agency or the State Gaming Agency and maintained as part of both agencies permanent licensing records.

I. Fees For State Certification. The fees for State certification shall be the following:

Gaming Employee (in-state) Initial Certification	\$ 200.00
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Gaming Employee (out-of-state) Initial Certification	\$ 250.00
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Gaming Employee - Renewal	\$ 125.00
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Management Entities, Suppliers, Manufacturers or Financiers (in-state) Initial Certification	\$1500.00
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Management Entities, Suppliers, Manufacturers or Financiers (out-of-state) Initial Certification	\$5000.00
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Management Entities, Suppliers, Manufacturers or Financiers Renewal	\$ 500.00
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Provided, should actual costs incurred by the State Gaming Agency exceed the above fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to the issuance of State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this Section it shall be resolved pursuant to Section XII.C of this Compact.

J. Fees For Tribal License. The fees for all gaming employee licenses shall be set by the Tribal Gaming Agency.

K. Temporary Certification of Gaming Employees. Unless the background investigation undertaken by the State Gaming Agency within thirty (30) days of the receipt of a completed application discloses that the applicant has a criminal history, or unless other grounds sufficient to disqualify the applicant pursuant to Section V of this Compact are apparent or have been discovered during that period, the State Gaming Agency shall, upon request of the Tribal gaming operation, issue a temporary certification to the applicant. The temporary certification shall become void and be of no effect upon either the issuance of a State certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact. During the twelve (12) month period immediately following the effective date of this Compact as provided herein, any applicant who has a current license issued by the State Gaming Agency, together with his or her completed application shall be immediately issued a temporary certification by the State Gaming Agency pending completion of the certification investigation.

L. Summary Suspension of Tribal License or State Certification. The Tribal Gaming Agency, pursuant to the laws of the Tribe, and the State Gaming Agency, pursuant to the laws of the State, may summarily suspend any respective Tribal license or State certification if the continued licensing or certification of a person or party constitutes a threat to the public health or safety.

M. Submission to State Administrative Process. Applicants for State certification agree by submitting such application to submit to State jurisdiction to the extent necessary to determine qualification to hold such certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-50 and the State Administrative Procedures Act, RCW 34.05. Tribal members who apply specifically waive any immunity, defense, or other objection they might otherwise have to the exercise of State jurisdiction for these purposes, but only for the purposes discussed in this paragraph. Nothing in this Section shall be deemed or interpreted as a waiver of immunity or submission to State jurisdiction for any other purpose or cause of action.

N. Tribal Certification. The Tribe for any certification process may, in its sole election, rely upon the certification of the State as the Tribe's qualification process for a tribal gaming license.

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on the Squaxin Island Reservation, shall be that of the Tribal Gaming Agency. The Tribal Gaming Agency will develop a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Tribal Gaming Agents, and independent regulatory and reporting structure separate from that the gaming operation or tribal bodies, a thorough and developed system for reporting of Compact violations, and a strong and consistent presence with the Class III facility. As part of its structure, the Tribal Gaming Agency shall perform the following functions:

1. Enforce in the gaming operation, including the facility, all relevant laws;
2. Ensure the physical safety of patrons in the establishment;

3. Ensure the physical safety of personnel employed by the establishment;
4. Ensure the physical safeguarding of assets transported to and from the gaming facility and cashier's cage department;
5. Protect the patrons and the establishment's property from illegal activity;
6. Temporarily detain, to the extent of its authority, persons who may be involved in illegal acts for the purpose of notifying the law enforcement authorities; and
7. Record in a permanent and detailed manner any and all unusual occurrences within the gaming facility. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:
 - (a) the assigned number;
 - (b) the date;
 - (c) the time;
 - (d) the nature of the incident;
 - (e) the person involved in the incident; and
 - (f) the security department or tribal gaming agency employee assigned.

B. Tribal Gaming Agents/Inspectors. The Tribal Gaming Agency shall employ qualified inspectors or agents ("Tribal Inspectors") under the authority of the Tribal Gaming Agency. Tribal Inspectors shall be independent of the Tribal gaming operation, and shall be supervised and accountable only to the Tribal Gaming Agency. Tribal Inspectors shall not be required to be certified by the State.

C. Reporting of Violations. A Tribal Inspector shall be present in the gaming facility during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violation(s) of the provisions of this Compact, or of Tribal Ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation shall be reported immediately to the Tribal Gaming Agency and forwarded to the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.

D. Investigation and Sanctions. The Tribal Gaming Agency shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Agency determines

are necessary. The Tribal Gaming Agency shall be empowered by Tribal Ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the gaming operation.

E. Reporting to State Gaming Agency. The Tribal Gaming Agency shall forward copies of all completed incident and investigation reports and final dispositions to the State Gaming Agency on a continuing basis. If requested by the Tribal Gaming Agency, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Agency and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal Ordinances, laws of the Tribe, or applicable laws of the State.

F. Quarterly Meetings. In an attempt to develop and foster a relationship in the enforcement of the provisions of this Compact, representatives of the State Gaming Agency; the Tribal Gaming Agency; and the Washington Horse Racing Commission, as applicable, shall meet not less than on a quarterly basis to review past practices and examine methods to improve the regulatory program created by this Compact. The meetings shall take place at a location selected by the Tribal Gaming Agency. The State Gaming Agency prior to or during such meetings shall disclose to the Tribal Gaming Agency any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected.

VII. STATE COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring. The State Gaming Agency and, as applicable to the satellite wagering facility and activities the Washington Horse Racing Commission, shall pursuant to the provisions of this Compact have the authority to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal gaming operation, these agents of the State Gaming Agency and the Commission shall have free and unrestricted access to all areas of the gaming facility during normal operating hours with or without giving prior notice to the Tribal gaming operation. Provided, that when possible, notice shall be given to the Tribal Gaming Agency or to a Tribal gaming inspector in the facility, and the Tribe may assign a Tribal agent or other representative to accompany the State agent while on the Squaxin Island Reservation. Following the investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State shall provide the Tribal Gaming Agency with a report of the investigation, including information about evidence gathered in connection with the investigation.

B. Access to Records. Agents of the State Gaming Agency and the Commission shall have equal authority with the Tribal Gaming Agency to review and copy, during all operating hours, all Class III gaming records maintained by the Tribal gaming operation. Provided, that any copy thereof and any information derived therefrom, shall be deemed strictly confidential, and proprietary financial information of the Tribe. The State Gaming Agency shall notify the Tribe of any requests for disclosure of such information and shall not disclose until the Tribe has had a reasonable opportunity to challenge the request. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact.

C. **Tribal Gaming Agency Notification.** At the completion of any inspection or investigation, copies of the investigative report shall be forwarded to the Tribal Gaming Agency.

D. **Cooperation With Tribal Gaming Agency.** The State Gaming Agency and the Commission shall meet periodically with the Tribal Gaming Agency and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and promptly notify the Tribal Gaming Agency of any activity suspected or occurring whether within the gaming facility or not, which adversely affects State, Tribal or public interests relating to the gaming facility and operation. Provided, such disclosure shall not compromise the interest sought to be protected.

E. **Jurisdictional Issues.** Except as expressly set forth herein, nothing in this Compact is intended nor shall it confer upon the State or any other non-Tribal entity any jurisdiction or exclusive jurisdiction with respect to non-gaming related activities on the Squaxin Island Reservation. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this document do not constitute a waiver of sovereign immunity and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact. The terms of such limited waiver of sovereign immunity, shall be strictly construed.

VIII. REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT

A. **Concurrent Jurisdiction.** The Tribal Gaming Agency, the State Gaming Agency and the Commission shall have concurrent jurisdiction to investigate violations of the provisions of this Compact, and to bring administrative charges, in accordance with Tribal Laws and the provisions of Chapter 9.46 RCW, Chapter 67.16 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, against any individual or business entity that is licensed by the Tribal Gaming Agency or certified by the State Gaming Agency in accordance with this Compact. In recognition of the need to foster a joint regulatory program to enforce the provisions of this Compact, the Tribe consents to the limited waiver of sovereign immunity solely with respect to this Compact and its provisions. The Tribe further consents to the exercise of jurisdiction by the Federal District Court of the Western District of Washington with respect to actions to enforce the provisions of this Compact, but if such court declines to exercise subject matter jurisdiction, then by any court of competent jurisdiction. With the exception of those jurisdictional issues specifically addressed in this Compact, this Compact should not be construed to affect any other jurisdictional issues between the State and the Tribe.

IX. LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. **Investigative Authority.** The Tribal Gaming Agency, the Tribal Law Enforcement Agency, the Mason County Sheriff or law enforcement agencies cross deputized by the Tribal Law Enforcement Agency, the Washington State Patrol, the State Gaming Agency, and the Commission shall have the authority to investigate any gambling and related crimes against the laws of Chapter 9.46 RCW or Chapter 67.16 RCW to the extent said State laws are expressly made applicable herein, and that occur on the Squaxin Island Reservation. Except as expressly set forth in this Compact, nothing herein shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribe with respect to the Tribe, the

Squaxin Island Reservation, members of the Tribe, or any other individuals or entities subject to Tribal jurisdiction.

B. Jurisdictional Forums. Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-tribal members will be through the proper State or Federal courts. Tribal members who are criminal defendants will be prosecuted in Tribal or Federal Court. Wherever possible, for criminal defendants who are Tribal members, Tribal Court will be the preferred venue for individual prosecutions unless the Tribe declines to seek jurisdiction in the Tribal Court within six months of the discovery of an offense.

C. Consent to Application of State Law and Incorporation in Tribal Ordinance. For the purposes of 18 USC §1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health and safety and welfare and, to the extent not inconsistent with other provisions of this Compact, RCW 9.46.075; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.196; 9.46.198; 9.46.220; 9.46.221; 9.46.222; 9.46.230; 9.46.240; 67.16.060; as now or hereafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated into a Tribal ordinance regarding any gaming affected by such statutory sections. Provided, that in the event any such provisions of State law are amended or repealed, the Tribe will be given notice of same within 30 days of the effective date, by the State Gaming Agency. Notwithstanding anything herein to the contrary, any penalty or fines contained in any State statutory provisions incorporated into this Compact or the Tribe's gaming ordinance which are in conflict with applicable federal law shall be deemed revised and amended so as to conform to federal law.

D. Exception to Consent. Except for the concurrent jurisdiction of the State with respect to gaming on the Squaxin Island Reservation contained in this Section and elsewhere for acts of individuals, nothing in this Compact shall be deemed a consent or submission of or by the Tribe to the concurrent jurisdiction and/or application of other laws of the State.

E. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the State or the Tribe, and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those law enforcement agencies shall meet prior to commencement of operations and periodically thereafter to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X. ENACTMENT OF COMPACT PROVISIONS

A. State Gaming Agency Rules or Regulations. Pursuant to the general rule making authority contained in state law, the State Gaming Agency and the Washington Horse Racing Commission may enact as part of those agencies' rules or regulations governing gambling and horse racing activities, all or part of the provisions of this Compact.

B. Tribal Gaming Agency Regulations. Pursuant to its general rule making authority, the Tribal Gaming Agency may enact as part of its regulations governing gambling, all or part of the provisions of this Compact.

XI. REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION

A. Adoption of Regulations for Operation and Management. The Tribal Gaming Agency shall adopt regulations to govern the operation and management of the gaming operation conducted pursuant to this Compact. To the extent such regulations have been adopted prior to the execution of this Compact they are set forth in Appendix A hereto and shall be deemed approved by the State. Any regulations adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the integrity of the gaming operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III gaming operation. The Tribal Gaming Agency shall notify the State Gaming Agency of any intent to revise its standards or of any other regulations issued thereafter and shall request the concurrence of the State Gaming Agency for such revisions. State Gaming Agency concurrence shall be deemed granted unless disapproved in writing within twenty (20) days of submission of the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the gaming operation, and shall disapprove only such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency disagrees with the proposed revised standards, it shall set forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to Section XII.C of this Compact.

B. Additional Operational Requirements Applicable To Class III Gaming. The following additional requirements shall apply to the gaming operation conducted by the Tribe:

1. To ensure integrity, the Tribal gaming operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the State Gaming Agency in accordance with Section VII.B of this Compact: a surveillance log recording all surveillance activities in the monitoring room of the gaming facility; a security log recording all unusual occurrences for which the assignment of a Tribal Gaming Agency employee is made.

2. The Tribal Gaming Agency shall establish a list of persons barred from the gaming facility because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming activities of the Tribe. The Tribal Gaming Agency shall employ its best efforts to exclude persons on such list from entry into its gaming facility. The Tribal Gaming Agency shall send a copy of its list on a quarterly basis to the State Gaming Agency.

3. The Tribal Gaming Agency shall require the audit of the Tribal gaming operation, not less than annually, by an independent certified public accountant, in accordance with the auditing and accounting standards for audits of casinos of the American Institute of Certified Public Accountants.

4. The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. To the extent such

rules have been adopted prior to the execution of this Compact they are set forth in Appendix B hereto and shall be deemed approved by the State. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the gaming facility. Betting limits applicable to any gaming station shall be displayed at such gaming station. Rules for games identified in Section III, except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, as do not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section III, except as specified in Appendix B, shall be submitted to the State Gaming agency for review, to determine if the rules fundamentally alter the nature of the game. The Tribe will provide the State Gaming Agency ten (10) days advance notice of the rules of each game and any modifications thereof, and will provide adequate notice to patrons of the gaming operation facility to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII.C of this Compact.

5. The Tribal gaming operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A, and shall not modify such regulations without the agreement of the State Gaming Agency. The Tribal gaming operation shall provide the Tribal Gaming Agency and the State Gaming Agency with copies of its floor plan and closed circuit television system and any modifications thereof for review by the Tribal Gaming Agency. If the floor plan or closed circuit television system does not provide unobstructed camera views in accordance with such regulations, the Tribal Gaming Agency shall modify such floor plan or closed circuit television system in order to remedy such deficiency. The Tribal Gaming Agency shall forward a copy of the floor plan and closed circuit television system to the State Gaming Agency for review and consideration prior to final approval. In the event of a dispute, the matter will be handled in accordance with the provisions of Section XII.C.

6. The Tribal gaming operation shall maintain a cashier's cage in accordance with the standards set forth in Section 7(3) of Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Tribal Gaming Agency and the State Gaming Agency may review cashier's cage security. If the cashier's cage does not comply with the security standards set forth in Appendix A, the Tribal operation shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be handled in accordance with provisions of Section XII.C.

7. The Tribal gaming operation shall provide the Tribal Gaming Agency and the State Gaming Agency with a description of its minimum requirements for supervisory staffing for each table gaming pit operated in its gaming facility. In the event that the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal Gaming Agency and State Gaming Agency shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements. If agreement cannot be reached between the State Gaming Agency and the Tribal Gaming Agency, the dispute shall be handled in accordance with Section XII.C of this Compact.

8. Standards for management and operation of the satellite wagering activities shall be consistent with the provisions of this Compact, including Appendix B, and those applicable to non-tribal satellite wagering facilities and activities in the State to the extent not inconsistent with this Compact.

XII. REMEDIES FOR BREACH OF COMPACT PROVISIONS

A. Injunction Against the State. If the Tribe believes the State, whether or not through the State Gaming Agency or Commission, is in breach or default or is otherwise acting contrary to, or failing to act in the manner required by, any of the provisions of this Compact, the Tribe may seek injunctive or other relief in a court of competent jurisdiction. Prior to bringing such action, the Tribe shall notify the State and the State Gaming Agency of the alleged violation(s).

B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual. The State Gaming Agency may bring an action to enjoin the Tribe, the Tribal gaming operation, or any individual, if the State determines that any gaming operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on the Squaxin Island Reservation in violation of the provisions of this Compact. Such action shall be brought in the U.S. District Court, pursuant to 25 USC §2710(d)(7)(A)(ii). Solely for the purpose of this remedy, the Tribe consents to such suit and hereby agrees to a limited waiver of sovereign immunity for the purposes set forth in this sub-section. Prior to bringing such action, the State Gaming Agency shall notify the Tribe, the Tribal Gaming Agency and the Tribal Gaming Operation of the alleged violation(s) and the parties shall meet and confer in a good faith attempt to correct the alleged violation before court action is sought.

C. Dispute Resolution. In recognition of the government to government relationship of the Tribe and State, the parties shall make best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, without prejudice to the right of either party to seek injunctive relief against the other when circumstances require such immediate relief, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact. Unless other procedures and time frames are elsewhere set forth in this Compact, in the event of a dispute or disagreement between the parties regarding the implementation of and compliance with referenced provisions of this Compact or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

1. Either party shall give the other, as soon as possible after the event giving rise to the concern, a written notice setting forth the issues to be resolved.

2. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than ten (10) days from receipt of the notice.

3. If the dispute is not resolved to the satisfaction of the parties within twenty (20) days of the first meeting, then the party may seek to have the dispute resolved by and in accordance with the policies and procedures of the Judicial Arbitration and Management Service of Seattle, Washington (JAMS), at sites which alternate between the Squaxin Island Reservation and the State Gaming Agency or Commission offices after each arbitration dispute, i.e, the first arbitration dispute, until completed, shall be held on the Squaxin Island Reservation; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Commission offices; and so forth.

4. The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) days from the date an arbitrator or JAMS judge is agreed upon by the parties, but in the event no agreement is made, then as selected by JAMS.

5. The decision of the arbitrator shall be final and unappealable. If the party against whom sanctions are sought or curative or conforming action is required does not perform or expeditiously undertake to effect a cure, or that party is not capable of immediate remedy, then that failure shall be deemed a default and breach of the provision(s) of the Compact at issue.

6. The rules of pleading and procedure of the American Arbitration Association - Seattle for commercial disputes shall supplement those of JAMS, unless the parties otherwise agree to other rules and procedures and document the same by an appendix to this Compact. Should JAMS cease to provide these functions, then the parties agree to substitute the services of a similar arbitration/mediation service.

7. Nothing in this Section shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall this Section be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to mediation or utilization of a technical advisor to the Tribal and State Agencies; provided that neither party is under any obligation to agree to such alternative method of dispute resolution. The parties to this Compact agree that the favored method of resolving differences is for the State and Tribal Gaming Agencies to meet and confer in good faith regarding the issues in dispute and attempt to resolve disputes through their joint working relationship.

D. Sanctions/Civil Fines. The following is a schedule of civil fines for any violation of the provisions of the Compact Sections set forth below. These penalties are set forth as maximums to be set within the reasonable discretion State Gaming Agency and charged and levied against the Tribe. The event or circumstances occasioning the charge and the extent and amount of the penalty for the violation, if contested by the Tribe, are subject to dispute resolution under Section XII.C. Any penalties collected are to be distributed to the Washington State Council on Problem Gambling.

1. For violation of terms, conditions and provisions of Section III:

a. First and subsequent infractions: up to a maximum suspension of gaming operations within the Class III facility not to exceed five (5) days of operation (up to 20 hours per day) per violation, or the dollar equivalent of the Net Win to the Tribe from operations for the number of days of suspension, all not to exceed 30 days.

2. For violations of the terms, conditions and provisions of Section IV and V - non-certified or non-licensed gaming employee(s), manufacturer(s), supplier(s) or other entities:

a. For employees: (1) first infraction - fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and (2) second and subsequent infractions - suspension of twenty (20) hours of gaming operations for each day of employment or a fine equal to the Net Win for each day of employment.

b. For manufacturers, suppliers and other entities: (1) first infraction - up to \$5,000; and (2) second and subsequent infractions - up to \$20,000.

3. For violation of the terms, conditions and provisions of Section XI and Appendix A:

- a. For first infraction - written warning.
- b. For second infraction - up to \$250.
- c. For third infraction - up to \$500.
- d. For subsequent violations - up to \$1,000.

All penalties listed in this subsection (3.a. through d.) will be charged and monitored on a per-violation basis on an annual basis dating from the issuance of the written warning. Provided, during the first six (6) months of actual operation of the Class III gaming operation only written warnings will be issued.

E. Method of Collection and Payment to Washington State Council on Problem Gambling. Any civil fines collected by the State Gaming Agency or the Tribal Gaming Agency pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year to the Washington State Council on Problem Gambling, a bona fide nonprofit organization, provided that the organization offers some program which takes affirmative steps to reach the Indian community in Washington State. In the event the Washington State Council on Problem Gambling does not have such an Indian program, or ceases to exist, or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, the Squaxin Island Reservation and the neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIII. TRIBAL REIMBURSEMENT FOR EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Tribe shall reimburse the State Gaming Agency for all reasonable costs and expenses actually incurred by the State Gaming Agency in carrying out its responsibilities as authorized under the provisions of this Compact. Reimbursement shall be made for monitoring, investigative, and processing costs. With regard to administrative actions, reimbursement shall be made to the extent that costs incurred exceed the certification fees received. The State shall submit a verified, detailed statement with supporting documentation after the gaming operation has been open to the public for no less than three (3) months, and on a quarterly basis thereafter, to the Tribal Gaming Agency. The Tribe shall reimburse the State Gaming Agency within forty-five (45) days after the receipt of the statement of expenses. The State Gaming Agency agrees to meet at least annually with the Tribal Gaming Agency to discuss any issues related to reimbursements from the Tribe and to develop an estimate of the reimbursable costs to be sought during the next year, based on the information reasonably available to the parties at that time. In the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIV. PUBLIC HEALTH AND SAFETY

A. **Compliance.** For the purposes of this Compact the Tribal gaming operation shall comply with and enforce standards no less stringent than the following with respect to public health and safety:

- Indian Health Service public health standards;
- All Federal laws establishing minimum standards for environmental protection;
- Applicable Environmental Protection Agency program standards and National Environmental Policy Act requirements;
- Federal water quality and safe drinking water standards;
- Uniform Building Code, including codes for electrical, fire and plumbing;
- Public health standards for food and beverage handling in accordance with U.S. Public Health Service requirements; and
- Squaxin Island Tribal Codes regarding public health, safety and environmental protection standards.

B. **Emergency Service Accessibility.** The Tribal Gaming Agency shall make provisions for adequate emergency accessibility and service.

C. **Community and Enforcement Impact Contribution.** The Squaxin Island Tribe provides a police department and tribal court system to enforce criminal law and order codes against Squaxin Island tribal members and civil administrative codes against all persons within the Tribe's jurisdiction. The Tribe recognizes that adequate enforcement and the availability of support services and assistance is critical to the safe operation of the gaming activities and that activities directly and indirectly associated with the operation of gaming facilities on the Squaxin Island Reservation may impact surrounding local law enforcement and other local governmental service agencies, and place an increased burden on them. To that end, the Tribe hereby agrees to establish a fund for purpose of providing assistance to non-tribal local law enforcement, emergency services and/or other local governmental service agencies (including those agencies responsible for traffic and transportation) impacted by the Class III gaming facility and to withhold and disburse 2.0% of the Net Win from Class III gaming operation, with the exclusion of the satellite wagering activities, for this fund ("Community Contribution"). Further, the Tribe shall, on a quarterly basis beginning no more than three months from the date the facility opens to the public, distribute this fund to non-tribal local law enforcement and local governmental service agencies materially impacted by the Class III gaming operation. Distributions from the fund shall be paid within forty-five (45) days following the end of each quarter (January 31, April 30, July 31, and October 31), beginning with the end of the first quarter following the date the facility opens to the public, and quarterly thereafter. These funds shall be shared by all non-tribal local law enforcement and local governmental service agencies materially impacted by the gaming operation based on evidence of impacts presented by each agency; provided, however, the first priority for the distribution of this fund will be to the Mason County Sheriff in an amount sufficient to cover the cost of monitoring, routine patrol and response services. The Mason County Sheriff shall

receive directly from the fund an amount sufficient to cover the expenses for any additional staffing required, including salary, benefits, training and vehicle costs.

A committee consisting of two (2) representatives of the Squaxin Island Tribal Government; a representative from Mason County; and a representative of the State Gaming Agency shall be established. The composition of this committee may be altered by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on the Reservation, the level of services provided, use of the funds, and to determine the distribution of the funds. Within six (6) months of the date of final approval of this Compact and annually thereafter, the Tribe and any impacted local service agencies seeking funds from the Community Contribution shall enter into a Memorandum or Memoranda of Understanding (MOU) delineating the anticipated governmental relationships, responsibilities, services to be provided during the following year, and utilization of the funds. The MOU(s) will prioritize the disbursements to mitigate off-reservation impacts and may include enforcement protocol or other similar agreements. The MOU(s) shall also provide that the committee may adjust annually the funds distributed to meet the impacts associated with Class III gaming. In the event of a dispute that cannot be resolved by agreement of the parties, either the State Gaming Agency or the Tribe may seek resolution through the arbitration provisions of Section XII.C of this Compact. The determination of the arbitrator shall be binding on all parties, including local government agencies. The MOU terms as determined by the arbitrator shall be promptly executed by the parties, and the funds disbursed. No Class II gaming revenues, satellite wagering revenues, or non-gaming revenues shall be included with the 2.0% budgeted and disbursed as set forth in this Section.

D. Community Relations. The Tribal Gaming Agency agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact of the Class III gaming operation upon the neighboring communities.

E. Alcoholic Beverage Service. Standards for alcohol service shall be subject to applicable law.

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact shall constitute the agreement between the State and the Tribe pursuant to IGRA and shall be amendable and modified only under provisions of the Compact. This Compact or any amendment shall take effect upon publication of notice of approval by the U.S. Secretary of the Interior in the Federal Register in accordance with 25 USC §2710(d)(3)(B).

B. Voluntary Termination. Once effective, this Compact shall be in effect until terminated by the written agreement of both parties. Provided, should the Tribe wish to cease Class III gaming operations, the Tribe may unilaterally terminate this Compact by submitting written notice sixty (60) days prior to the date of termination to the Governor of the State of Washington. Provided, State jurisdiction under this Compact shall continue until the completion of any pending investigation or court action. Suspension or injunction of Class III gaming operations shall not constitute termination for the purpose of this sub-section.

C. Other Termination - Change of State Law. If the laws of the State authorizing the activities set forth herein as Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of the Compact providing for such gaming would not be authorized and continued operation of such gaming would constitute a violation of the Compact and the State may bring an action in Federal District Court pursuant to 25 USC §2710 (d)(7)(A)(ii).

The Tribe disagrees that such subsequent State legislation would have this effect under IGRA and the Compact, but does agree that such an action, if commenced in that forum, is the appropriate State recourse and for such purpose the Tribe consents to such a suit and hereby grants a limited waiver of sovereign immunity solely for the purpose of litigating the said issue.

D. Amendments/Renegotiations.

1. Amendments - Mutual. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties, and as provided in this Compact.

2. Amendments - Contractual. The parties agree that Section III.E., G., H., I., and J. shall not be amended for three years from the date of signing this first amendment, except as provided herein. The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III.E., G., H., I., and J. above upon written notice and request by the Tribe to the State if and when:

a. the laws of the State are amended, including by initiative expanding gaming beyond that which is now allowed under the terms of this Compact;

b. a State or Federal court within the State of Washington or a federal court interpreting the laws of the state of Washington issues a final and unappealed decision permitting participating in a gaming activity that was not deemed by the State to be authorized or was not authorized for any purpose by any person, organization or entity at the time this Compact was executed or is not authorized by this Compact, including the use of gambling devices; or the Tribe wishes to engage in any other forms of Class III gaming other than those games authorized in Section III.

3. Renegotiation - Either Party. The parties shall renegotiate a compact provision other than Section III.E., G., H., I., or J. which provision are subject to a three year moratorium with exceptions, if and when circumstances or events occur that merit the discussion and renegotiation of such provisions. The request to renegotiate shall include the activities or circumstances the party wishes to negotiate, together with a statement of the basis supporting the request. The parties agree that negotiations shall commence in good faith under IGRA and within thirty (30) days of the request. The original terms and provisions of the Compact will remain in effect pending dispute resolution unless the parties agree on the renegotiated terms. If the renegotiations are unsuccessful, then the matter shall be resolved pursuant to Section XII.C., which shall be mandatory and binding.

4. Authorization to Other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State enters into or amends a compact

with another tribe located West of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, greater number of facilities, different games or any combination thereof, or any other competitive advantage, or with another tribe East of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, different games or any combination thereof or any other competitive advantage and the Tribe can demonstrate that the gaming activity has resulted in an adverse economic impact on the Class III operation, then this Compact shall be renegotiated and amended to maintain competitive equality with tribes located in the above listed areas.

XVI. LIMITATION OF LIABILITY

Neither the Squaxin Island Tribe nor the State are creating, or intend to create, any rights in third parties which would result in any claims of any nature whatsoever against the Tribe or the State as a result of this Compact. Neither the Squaxin Island Tribe nor the State has waived immunity from third party suits or claims of any kind or nature whatsoever against them, and nothing contained in this Compact shall be construed to effect a waiver, in whole or in part, of said immunity.

XVII. NOTICES

Unless otherwise indicated by this Compact, all notices required or authorized to be served shall be served by certified mail or be delivered by other expedited services which require a signature for receipt at the following addresses:

Governor
State of Washington
State Capitol
Olympia, WA 98504

Tribal Chair
Squaxin Island Indian Tribe
Southeast 70 Squaxin Lane
Shelton, WA 99040

Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, Washington 98504-2400

Executive Secretary
Washington Horse Racing Commission
3700 Martin Way
Olympia WA 98504-5052

XVIII. SEVERABILITY

In the event that any Section or provision of this Compact is held invalid, or its application to any particular activity held invalid, it is the intent of the parties that the remaining Sections of the Compact, and the remaining applications of such Section or provision shall continue in full force and effect.

IN WITNESS WHEREOF, the Squaxin Island Indian Tribe and the State of Washington
have executed this compact.

THE SQUAXIN ISLAND TRIBE

BY: David Lopeman 1/26/95
David Lopeman Date
Chairperson

THE STATE OF WASHINGTON

BY: Mike Lowry 1-26-95
Mike Lowry Date
Governor

This Compact was amended on

January 26, 1995

The amendment(s) are incorporated herein.